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## STATE RELEASES DETAILED NEW DRAFT OF PROPOSAL TO USE FEDERAL WAIVER TO REFORM MEDICAID

OLYMPIA - The Washington Medicaid program today (**Monday, July 22**) released a revised draft of its Medicaid waiver proposal to give the state better cost-containment tools it needs to deal with the high cost of health care in view of the state's shrinking revenue sources.

The newest version of the proposal includes:

- **Reasonable monthly premiums** for 160,000 of the highest-income Medicaid recipients in optional coverage groups, about 20 percent of the state's 900,000 Medicaid clients. The premiums would be \$10 for clients between 100 and 150 percent of Federal Poverty Level (FPL); \$15 for clients between 150 and 200 percent FPL; and \$20 for more than 200 percent FPL. Clients below 100 percent FPL would not pay any premium. There will be a 3-person family maximum premium amount: \$30, \$45, \$60. American Indians and Native Alaskans would be exempted from premiums
- **Two small co-payments** would have to be paid when any client insisted on expensive care unnecessarily. Any Medicaid clients would have to pay \$5 for a name-brand prescription drug when a less expensive generic or therapeutic-equivalent medication had their doctor's approval. Any client would have to pay \$10 for non-emergency visits to hospital emergency rooms when they could have visited a primary care provider instead. American Indians and Native Alaskans would be exempt.
- **Enrollment freezes** to protect current clients when enrollments exceed forecasts and the state cannot stay within its Medical Assistance budget. The freeze would apply only to higher-income optional coverage groups. All mandatory Medicaid applicants and most optional aged and disabled applicants would not be affected by the freeze.
- **Benefit changes** (elimination of adult hearing, vision and non-emergent dental coverage in certain optional groups) would bring some Medicaid coverage more in line with the state's Basic Health program. Children's coverage would not change.
- **Basic Health (BH) program expansion** for parents of Medicaid children and other adults. Waiver will allow state to use its unspent federal SCHIP funds to help finance expanding BH coverage to some 20,000 persons.

Doug Porter, Assistant Secretary of the Medical Assistance Administration in the Department of Social and Health Services, said the Medicaid program is seeking public feedback on the draft proposal before finalizing it and sending it to the federal government. The comment period will end August 5. Porter said the public would have still another opportunity to react to the proposals when the waiver changes are presented to the Legislature next winter once they receive federal approval.

Porter said the waiver itself -- originally submitted to the federal Centers for Medicare and Medicaid Services (CMS) last fall -- has undergone a number of organic changes, thanks to feedback from the public and CMS. But he said a series of Town Hall meetings around the state in May and June were especially helpful.

"I was most impressed with the vulnerability expressed by stakeholders and clients at our public meetings," Porter said. "People are afraid of losing their benefits in hard times, and they are worried that the state will be unable or unwilling to fulfill the commitment it has made over the years. I was moved by the passion with which clients talked about their health care under Medicaid, and the value they clearly place in having this coverage for families and children."

Porter said participants opposed benefit reductions in general, but were more supportive of cutting adult dental, hearing and vision coverage than making changes in children's coverage. On a technical level, the meetings were helpful in clarifying issues around a proposed co-payment on non-emergency visits to hospital emergency rooms. Participants in the meetings expressed fear that the co-pay would block access to needed health care by clients who cannot find primary care providers.

"We've added a 24-hour consulting nurse line proposal to the waiver in view of that concern, and we will have to talk seriously with legislators next winter to see how we can make sure that we address the issue of sorting out non-emergency visits as well as identifying other primary care," Porter said. "We clearly cannot install this ER change as easily as we once thought."

He said most who attended the public meetings objected to the idea of an enrollment freeze or Medicaid premiums in general, and many said the state should simply raise taxes to cover rising health-care costs. But he said some objections were based on an incorrect impression that the poor would pay on the order of 5 percent of their income on health care under the waiver.

"In fact, when we talked in terms of \$10 or \$15 a month, or pointed out that co-pays were an attempt to change behavior, not to raise money, people seemed to find that more realistic," he said. "I think many participants realized this is not an attempt to balance the budget on the backs of the poor. It is a statement to legislators and taxpayers that our clients know the value of Medicaid and are willing to chip in some of their limited resources to affirm that."

Feedback from stakeholders was helpful in the decision to not include Categorically Needy optional elderly or disabled persons, including those who needed home and community services to avoid institutional care, from the enrollment freeze.

Porter said he thought the meetings also clarified the fact that the waiver is not a magic bullet to solve the state's overall budget squeeze in the face of a projected \$1 billion-plus revenue shortfall in the next biennium.

"The waiver will help the state fine-tune its cost-management and control some of the increases we can't get a handle on now," Porter said. "But we are still talking about a very tough budget session next year, and the waiver will only be a small factor in those decisions."

**EDITORS:** The draft waiver proposal and other information about the waiver are posted on the Medical Assistance Administration's Web site: <http://maa.dshs.wa.gov/medwaiver> Copies of the proposal are also available by request from [pannkre@dshs.wa.gov](mailto:pannkre@dshs.wa.gov)

## **Medicaid reform/Page 2**

In a year of tight budgets and revenue shortfalls, DSHS is making a consistent effort to contain costs, create efficiencies, and avoid nonessential expenditures. Also, DSHS is developing a strategic plan that will allow better integration of services within the department and better integration with community-based services. For more information on this effort, visit the [Budget Reductions Focus](#) Web page.